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CABLE WORKERS GET 2ND CHANCE

Summary: **AT&T Broadband** will open 80 sales representative jobs after a try at outsourcing failed

The local cable company increasingly resembles the soap operas it delivers to loyal viewers.

AT&T Broadband jilted its Beaverton sales and billing call center employees when it fired 100 of them six months ago. The company replaced them with a mysterious stranger thousands of miles away -- the outsourcer.

But the affair wasn't meant to be, and AT&T pined for its old relationship.

So now it's come running back. The local cable company will hire about 80 additional sales representatives at the Beaverton office over the next four to five months. AT&T says the latest chapter in the customer service drama will boost the local economy.

But, like any good soap, there's a plot twist. An antagonist lurks in the shadows.

The cable regulator.

Since contracting out its sales and billing customer service, AT&T has continued struggling to meet local service standards, facing tens of thousands of dollars in fines from the Portland area's three cable commissions. Regulators said that although outsourcing can reduce labor costs, **service quality** suffers because the representatives don't know about the local market.

The commissions require AT&T to answer 90 percent of its calls for cable television orders, billing and repairs within 30 seconds. In the last quarter of 2001, the company failed to do so, although it came a few percentage points from meeting the goal. This comes after nearly \$500,000 in local fines for failing to meet the standards during the past two years.

AT&T spokeswoman Lindy Bartell said the standard is one of many reasons the company decided to stop outsourcing sales calls to West Co. in El Paso, Texas. It will continue to send billing calls to Cincinnati-based Convergys.

AT&T has always handled repair calls in Beaverton, where it employs about 170 people. Since September, it has gradually rehired about 30 service representatives to take customer calls. If the laid-off AT&T employees meet job qualifications, they will receive priority for the 80 newly opened jobs, Bartell said.

"The local management decided it would be best to bring it back," Bartell said. "It's safe to say that this decision reflects all aspects of how we service our customers."

But regulators said AT&T's move reflects the problems companies face when they pay other businesses to handle customer calls.

"Sales seems the hardest to outsource, because you don't know the geography, and you don't know the local promotions," said Sarah Hackett, senior communications analyst for the Metropolitan Area Communications Commission, which oversees cable service in Washington County and the Tualatin Valley. "Outsourcing is a national trend, and this is proof that it didn't work."

West Co., which handled AT&T's sales calls since June, performed poorly in the last quarter of 2001, Hackett said. One week, it answered 32 percent of calls within 30 seconds.

That kind of performance has been expensive for the company:

- * The Metropolitan commission has fined AT&T \$242,000 since May 2000, and the company faces \$40,000 more in fines for not meeting the 90 percent benchmark last quarter.

- * In Vancouver, Wash., and Clark County, the City/County Cable Television Commission fined AT&T \$65,000 in July. Jim Demmon, cable television manager for Vancouver and Clark County, said the commission may discuss additional fines at its Jan. 16 meeting.

- * The Mt. Hood Cable Regulatory Commission, which oversees cable franchises in Multnomah County, has fined AT&T \$180,000 for not meeting the phone-answering standards from the third quarter of 1999 through the third quarter of 2000. David Olson, director of the commission's office, said AT&T could face between \$20,000 and \$30,000 in additional fines.

Norman Thomas, a member of the Mt. Hood commission, said he hopes the move away from outsourcing will improve **service quality** and response times.

"When they had answered the calls, it was doing better," Thomas said.

But customer-service problems aren't necessarily the fault of the contractors, said Brad Cleveland, president and chief executive officer of the Incoming Calls Management Institute in Annapolis, Md. Companies such as AT&T must accurately forecast peak calling times and provide that information to the contractors, he said.

And that complicates quick responses, which are more important than ever in this age of rapid information, Cleveland said.

"The bottom line is that a lot of companies are having trouble keeping up with customer demands," he said. "Customers are just crawling out of their skin. We want the service right now."

Companies aggravate the problem by offering cheap wages and setting low qualifications for customer-service jobs, Cleveland said.

"Can you pay an entry-level wage and with a minimum training have them handle the highest level of customer contact?" Cleveland asked. "That's an industrywide issue."

Regulators speculated **AT&T Broadband** made the switch to improve service before its proposed merger with Comcast, but Bartell said the change is unrelated to the merger announcement.